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Report of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting on its forty-first session

Held at the Palais des Nations, Geneva, from 6 to 8 November 2024

Contents

Introduction

The forty-first session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting was held at the Palais des Nations, Geneva, from 6 to 8 November 2024.

I. Agreed conclusions

A. Review of progress in harmonization and practical implementation of sustainability reporting, assurance and ethical considerations

(Agenda item 3)

The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting,

Recognizing the critical importance of reliable financial and sustainability disclosures for informed investment decisions,

Welcoming progress towards further harmonization of sustainability reporting requirements for entities in the private and public sectors,

Recognizing the urgency of the need for member States, particularly developing countries, to build the regulatory, institutional and human capacity to support the effective implementation of sustainability reporting requirements,

Recalling the UNCTAD mandate in the area of international standards of accounting and reporting, as articulated in the Bridgetown Covenant,

1. *Expresses its satisfaction* with the work conducted by the UNCTAD secretariat during the intersessional period to review progress in harmonization and practical implementation of sustainability reporting, assurance and ethical considerations (TD/B/C.II/ISAR/109);

2. *Calls upon* the UNCTAD secretariat to continue to follow developments on sustainability reporting requirements, including the development of sustainability reporting standards for public sector entities, and to act as a channel for the views and positions of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting; and in this connection calls upon the UNCTAD secretariat to establish a consultative group to support this process;

3. *Commends* the UNCTAD secretariat for the support provided during the intersessional period to regional efforts and partnerships for the promotion of sustainability reporting and for the further consultations it conducted on the launching of similar initiatives in other regions;

4. *Requests* the UNCTAD secretariat to continue its support to member States, particularly developing countries, on building capacity for the implementation of sustainability reporting requirements, including through technical cooperation projects; and invites donors in a position to do so to support the secretariat in this endeavour;

5. *Encourages* the UNCTAD secretariat to continue its cooperation with relevant United Nations agencies and other institutions on sustainability reporting in general and on measuring the contribution of the private sector to the achievement of the Sustainable Development Goals in particular.

8 November 2024

B. Integrating reporting on the financial and sustainability performance of entities: Leveraging digitalization

(Agenda item 4)

The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting,

Aware that integrated financial and sustainability reporting provides significant benefits to a wide range of users, including governments and regulators, investors, employees and the wider public,

1. *Commends* the UNCTAD secretariat for the informative background document prepared to facilitate consideration of the topic at the session (TD/B/C.II/ISAR/110);

2. *Requests* the UNCTAD secretariat to continue to monitor further developments on this topic and provide updates to the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, as needed.

8 November 2024

C. Other business

(Agenda item 5)

The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting,

Welcoming further progress made by member States in different regions in implementing the UNCTAD Accounting Development Tool,

Recognizing the usefulness of the Accounting Development Tool in effectively assessing national regulatory, institutional and human capacity foundations for high-quality reporting, the development of action plans and capacity-building initiatives to strengthen the financial and sustainability reporting ecosystem,

Acknowledging the benefits of forming an advisory panel to support the work of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting,

Insights from recent implementation of the Accounting Development Tool

1. *Requests* the UNCTAD secretariat to keep track of potential improvements that could be made to the Accounting Development Tool considering new developments, including on sustainability reporting standards for both private and public sector entities and accounting and reporting requirements for microenterprises and small and medium-sized enterprises;

2. *Requests* the UNCTAD secretariat to continue to support member States with implementing the Accounting Development Tool;

Forming an advisory panel to support the work of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting

3. *Requests* the UNCTAD secretariat to facilitate the establishment of a consultative group to provide advice on the composition of and terms of reference for a future advisory panel.

8 November 2024

II. Chair's summary

A. Opening plenary meeting

1. In her opening remarks, the Secretary-General of UNCTAD emphasized the vital role of UNCTAD in advancing global efforts to harmonize financial and sustainability reporting standards. She underscored the importance of the principles of consistency and transparency, which served as foundations for comparability, clarity and trust between Governments, investors and the public. She highlighted the need for transparency and consistency, to unlock significant investment opportunities. She noted the new standards of the International Sustainability Standards Board and the European Union regulations coming into effect that presented both challenges and potential, particularly for small and medium-sized enterprises adapting to the related changes. Finally, she noted that discussions would focus on ensuring a reliable and globally comparable reporting ecosystem and emphasized the importance of capacity-building initiatives, to ensure consistent implementation and enforcement worldwide. In this regard, she stressed the crucial role of the present session in shaping the future of sustainable reporting.

2. In her introduction, the Director of the Division on Investment and Enterprise of UNCTAD emphasized that reliable financial and sustainability disclosures were essential in making informed investment decisions; and that fragmented frameworks hindered market efficiency. She outlined the importance of considering spillover effects that sustainability reporting requirements would have on small and medium-sized enterprises. With regard to the publication of an exposure draft on climate-change–related disclosures for entities in the public sector, the Director noted that the transition to sustainable production could not be accomplished without participation by the public sector. She stressed that the integration of financial and sustainability disclosures through digitalization had the potential to reduce reporting burdens and benefit enterprises. Underscoring the importance of consistent global implementation, the Director referred to the key role played by the UNCTAD regional partnerships for the promotion of sustainability and Goals-related reporting. Finally, the Director commended the pioneering role of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting in advancing financial and sustainability reporting and encouraged the Intergovernmental Working Group to consider new dimensions such as biodiversity and human capital.

1. Opening panel

3. The opening panel featured five keynote speakers.

4. The first speaker, General Treasurer, Morocco, commended the role of the Intergovernmental Working Group in advancing reporting practices, particularly among small and medium-sized enterprises, and highlighted progress in Morocco on promoting sustainable finance. He noted initiatives such as a climate finance strategy and the involvement of financial regulators in directing investment towards sustainable projects, to strengthen climate resilience. Finally, the speaker underscored the establishment of a national green taxonomy as crucial in guiding investments with environmental and social impacts; and highlighted enhanced monitoring systems and the environmental, social and governance-related index on the stock exchange as key tools with which to ensure transparency and informed investment.

5. The second speaker, Secretary for Financial Services and the Treasury, Hong Kong, China, outlined the commitment to building a comprehensive sustainability disclosure ecosystem aligned with global standards. A working group, including financial regulators and the stock exchange, had issued a vision statement to guide this approach. Beyond reporting, he highlighted the importance of enhancing sustainability assurance, improving data availability and strengthening capacity-building. Initiatives such as a greenhouse gas emissions calculator, green financial technology support and a responsible artificial intelligence policy had been introduced, to aid reporting and foster sustainable practices. Finally, the speaker emphasized the importance of turning such obligations into opportunities to advance green finance and contribute to global sustainability.

6. The third speaker, Chair, Securities and Exchange Commission, Philippines, highlighted the commitment of the Philippines to a harmonized sustainability reporting framework, noting the challenges of fragmented standards and the importance of interoperability. He welcomed the adoption of International Sustainability Standards Board standards as a step towards the harmonization of a global sustainability framework that reduced burdens on companies. He noted that the Philippines had introduced a road map that incorporated the standards of the Board with phased mandatory climate-related disclosures for large firms, starting in 2026. Emphasizing the role of assurance in ensuring the quality and reliability of sustainability reports, he noted efforts in digital transformation, including artificial intelligence and robotic process automation systems, to streamline reporting processes. Finally, the speaker stressed the importance of continuous dialogue among Governments, businesses and civil society, to foster an environment of transparency and accountability; and noted that leveraging technology and innovation could help streamline processes and make data accessible, relevant and actionable.

7. The fourth speaker Vice-Chair, International Sustainability Standards Board, highlighted the efforts of the Board to create a more efficient global ecosystem for sustainability reporting, noting the release of the two sustainability standards under the international financial reporting standards in 2023. She emphasized that these standards addressed the need for a unified framework, reducing the complexities of fragmented reporting systems and incorporating best practices such as the recommendations of the Task Force on Climate-related Financial Disclosures and guidance by the Sustainability Accounting Standards Board. Designed for global applicability, the standards focused on investor-relevant data, balancing implementation costs with proportionality. The speaker outlined that the standards had been endorsed by the International Organization of Securities Commissions and noted that the International Sustainability Standards Board prioritized interoperability, working closely with the European sustainability reporting standards, the Global Reporting Initiative and the Task Force on Nature-related Financial Disclosures, to reduce duplication and streamline disclosures. Finally, the speaker stressed that the Board was considering developing additional standards on biodiversity, ecosystems and human capital; and advancing transition plan disclosures, for enhanced investor insight.

8. The fifth speaker, Chief Executive Officer, European Financial Reporting Advisory Group, outlined the goal of the Advisory Group of establishing a second pillar of standardized corporate reporting in Europe, focused on sustainability alongside financial reporting. Emphasizing double materiality in the Corporate Sustainability Reporting Directive, she noted that the approach of the Advisory Group captured both financial and impact perspectives. The Advisory Group had developed 12 sector-agnostic standards and was advancing on sector-specific standards for high-impact industries. Finally, highlighting digitalization, the speaker noted that the Advisory Group had issued a draft taxonomy for the European sustainability reporting standards in 2024 and made efforts to align with the standards of the Global Reporting Initiative and the International Sustainability Standards Board. Draft standards for listed and non-listed small and medium-sized enterprises were expected to be issued by end-2024.

2. High-level panel on review of progress in harmonization of sustainability reporting frameworks and standards

9. The high-level panel featured experts from the following entities: Organization for the Harmonization of Business Law in Africa; Association of European Development Finance Institutions; International Public Sector Accounting Standards Board; International Organization of Supreme Audit Institutions; and Global Reporting Initiative.

10. The first panellist outlined the commitment of the Organization for the Harmonization of Business Law in Africa to integrating sustainability into legal and business structures across its 17 member States and welcomed cooperation in building a sustainable action framework that benefited Africa. Highlighting the vulnerability of the region to climate change, he noted the sustainability initiatives of the Organization, including mandatory reporting requirements since 2017 and the development of a sustainability label and digital capacity-building programmes. He emphasized the alignment with international financial reporting standards, to improve transparency and

comparability, particularly through the planned implementation of standards. Finally, the panellist detailed plans to expand regulatory reforms by 2026, to fully integrate sustainability within the legal and business framework of the Organization.

11. The second panellist highlighted the critical role of regulations on sustainable finance in mobilizing private capital for development. He emphasized the need for regulatory interoperability, to ensure that development finance institutions and multilateral banks could effectively use public capital to de-risk private investments, supporting essential climate and development finance. He noted that the European Union taxonomy, while comprehensive, lacked alignment with international standards and created challenges for development finance institutions working outside the European Union. Finally, to avoid fragmentation, the panellist stressed the importance of harmonizing standards with other frameworks, such as those of the International Sustainability Standards Board and the Task Force on Climate-related Financial Disclosures, as well as the International Finance Corporation performance standards.

12. The third panellist introduced the efforts of the International Public Sector Accounting Standards Board to establish climate-related disclosure standards tailored to the public sector, recognizing the dual role of Governments as both major operators and policy drivers. A sustainability implementation forum would soon be launched, to guide early adopters. Finally, emphasizing alignment with the Global Reporting Initiative and the International Sustainability Standards Board, the panellist noted that the standards were aimed at engaging a broad audience, including citizens and parliaments, and invited feedback on the current exposure draft.

13. The fourth panellist introduced the Development Initiative, the capacity-building branch of the International Organization of Supreme Audit Institutions, which supported supreme audit institutions in public sector sustainability auditing. She highlighted the new strategic focus on sustainability, digitalization and public trust, emphasizing the importance of including supreme audit institutions in national sustainability reporting discussions. In addition, she noted a professional qualification programme for the auditors of such institutions, on finance, compliance and performance-related audits, aimed at building a strong foundation for high-quality sustainability audits. Finally, the panellist underscored the value of whole-of-government audits in Sustainable Development Goal-related preparedness and outcomes and invited collaboration with stakeholders, to advance public sector sustainability reporting.

14. The fifth panellist, emphasizing the need for interoperability, proposed that a unified global standard could reduce fragmentation and burdens on companies. He highlighted the importance of capacity-building in interpreting sustainability information, stressing that a comprehensive, harmonized framework could enhance decision-making and elevate reporting from a compliance-related task to a valuable asset.

15. During the ensuing discussion, in response to a query on achieving harmonization among global sustainability standards, one panellist emphasized the importance of consolidating existing standards, to reduce complexity for stakeholders, with the International Sustainability Standards Board and other organizations working closely to create a unified framework. One delegate addressed interoperability and, in this regard, one panellist advocated for a unified reporting language, to prevent fragmentation. One panellist, with regard to auditor qualifications, clarified that the International Organization of Supreme Audit Institutions provided standards on ethics, quality management and competence, to support supreme audit institutions, and noted that the Organization had launched qualifications for auditors, to enhance professionalism in the field.

B. Review of progress in harmonization and practical implementation of sustainability reporting, assurance and ethical considerations

(Agenda item 3)

16. The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting considered the “Review of progress in harmonization and practical implementation of sustainability reporting, assurance and ethical considerations”, as contained in document TD/B/C.II/ISAR/109.

17. Introducing the agenda item, the Director of the Division on Investment and Enterprise advised on advancements in sustainability reporting standards, including assurance, ethics and education and training needs. She highlighted different approaches adopted by jurisdictions and practical challenges in implementation, as well as growing resistance to sustainability and disclosure requirements as a key challenge to overcome, and stressed the need to find a balance between promoting transparency and avoiding undue burdens on businesses. Finally, considering the significant spillover effects for companies in developing markets, the Director noted the importance of developing and implementing technical assistance capacity-building, for entities to be able to comply with the new requirements.

18. Two panel discussions were held to discuss the agenda item.

1. First panel discussion

19. The first panel featured experts from the following entities: International Auditing and Assurance Standards Board; International Ethics Standards Board for Accountants; Financial Reporting Standards Board, Mexico; Financial Reporting Council, Nigeria; Sustainability Pronouncements Committee, Brazil; KPMG Canada; and Chair, fortieth session, Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting.

20. The first panellist, noting the new era of external reporting and the importance of setting up foundational infrastructure, emphasized the shift towards harmonized sustainability reporting and that effective external reporting required high-quality assurance and ethical standards, alongside regulation, to create trust. He highlighted the International Auditing and Assurance Standards Board 5000 standard as a new framework designed to address global assurance needs across sustainability frameworks, accommodating all dimensions of environmental, social and governance-related reporting. Developed through a global consultative process, the standard was intended for consistent application worldwide, with scalability to meet the needs of various entities. The panellist noted that, since the standard was principle-based, the requirements relevant to assurance might differ for an entity or group, but the principles remained the same. With the standard finalized, the focus had shifted to encouraging adoption and consistent application, with supporting resources from the Board, including implementation guides, webinars and educational materials. Finally, the panellist stressed collaboration with jurisdictions and stakeholders, to ensure success in application, and underscored the importance of assurance and ethics, in addition to reporting, to maintain a global baseline.

21. The second panellist underscored the critical role of trustworthy sustainability reporting, assurance and ethical standards in capital markets. Given the increasing reliance on sustainability data for capital allocation in capital markets, the panellist emphasized that it was essential for such information to be as reliable as audited financial reports. The International Ethics Standards Board for Accountants had revised the code of ethics to be used across reporting frameworks, assurance standards and professions, aiming for global consistency and avoiding fragmentation. In alignment with the International Auditing and Assurance Standards Board, the updates incorporated a clear common language on ethics. He stressed the importance of robust ethical requirements, to prevent greenwashing, and of independence requirements, to avoid conflicts of interest that could undermine trust in capital markets. The International Ethics Standards Board for Accountants planned to provide guidance materials for practitioners worldwide, to support the application of the revised code of ethics. Finally, the panellist stressed the need for regulatory clarity,

particularly for small and medium-sized enterprises and entities with broad value chains, and for assurance and independence in audits, to ensure effective implementation.

22. The third panellist discussed progress in Mexico on adopting the two sustainability standards under the international financial reporting standards, expected to be implemented by 2025 for publicly listed entities. She highlighted the role of the Financial Reporting Standards Board of Mexico in adapting indicators for small and medium-sized enterprises, drawing on the UNCTAD *Guidance on Core Indicators for Entity Reporting on Contribution towards Implementation of the Sustainable Development Goals*. These companies would be required to disclose sustainability metrics that would feed into the reporting requirements of larger companies and help ensure continued participation in value chains. Finally, the panellist stressed that this approach for small and medium-sized enterprises would also support trust-building and help maintain access to financing among the banking sector and others interested in sustainability across value chains.

23. The fourth panellist reviewed progress in Nigeria in adopting the two sustainability standards, highlighting efforts in harmonizing sustainability reporting, starting in 2012 with foundational regulations such as the Nigerian Sustainable Banking Principles and extending to guidelines by the stock exchange and securities and exchange commission on green bonds and sustainable capital markets. To align with International Sustainability Standards Board standards, a multi-stakeholder adoption readiness working group had been formed that had developed a phased road map, with early adopters starting in 2023. Key issues addressed included interoperability; urging convergence among global frameworks, for clarity; and a reduced regulatory burden. Assurance and ethical practices were also prioritized, with an approach to phased assurance maturity in Nigeria and a regulatory framework for monitoring disclosures. Finally, the panellist stated that capacity-building initiatives, from stakeholder engagement to tertiary education, aimed to drive ethical and robust reporting practices across sectors, underscoring the need for collaboration, for seamless sustainability implementation.

24. The fifth panellist highlighted the evolving role of sustainability reporting, emphasizing it as a foundation for continuous improvement and internal decision-making, rather than simply external disclosures. She noted gaps in traditional financial reporting and that sustainability metrics could help uncover risks; this required visibility and accuracy. The International Sustainability Standards Board standards were essential in aligning financial and non-financial reporting globally and the assurance and ethical standards of the International Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants added credibility. The panellist urged companies to embrace integrated reporting, in line with integrated thinking, and emphasized the need for collaboration between financial experts and sustainability specialists. In Brazil, ethical consistency had been improved through the introduction of a new ethics chapter for non-accountants engaged in sustainability. The panellist underlined the proactive approach in Brazil, with the localized implementation of international financial reporting standards and extensive academic partnerships, which could serve as a model in fostering alignment and transparency. Finally, the panellist emphasized that the ultimate goals were to boost investor confidence, minimize greenwashing risks and ensure accountability, to support sustainable development for future generations.

25. The sixth panellist shared the perspective of Canada on harmonizing sustainability reporting with entities hesitant to enter reporting, including the adoption of International Sustainability Standards Board standards, adjusted for Canadian circumstances, such as the recognition of the rights of Indigenous Peoples. The Government required Crown corporations to report under the Task Force on Climate-related Financial Disclosures, and banks and insurance companies followed the climate-related guidance of the Office of the Superintendent of Financial Institutions. Legislation against greenwashing, enacted in 2024, required claims to be substantiated under a recognized methodology. The panellist noted that barriers remained, notably, the lack of data, resources and standardized frameworks for municipalities and smaller entities, with most entities unprepared for full assurance, facing challenges related to data quality and internal controls, along with gaps in training and board fluency. Finally, the panellist stressed early adoption and internal preparation as key in avoiding rushed compliance when mandatory reporting entered into force.

26. The seventh panellist shared progress in India on sustainability reporting. India had been the first country to require mandatory environmental, social and governance-related reporting for the top 1,000 listed companies, covering over 95 per cent of market capitalization, with many other companies reporting voluntarily; and environmental, social and governance-related mutual funds were required to ensure that 65 per cent of assets under management met reasonable assurance standards, with mandatory phased assurance extended to 1,000 companies by 2026. The business responsibility and sustainability reporting framework in India predated the International Sustainability Standards Board standards and included a simplified version for small and medium-sized enterprises. India had also introduced an early audit standard for sustainability reporting and developed 16 social impact assessment standards for non-governmental organizations. Finally, the panellist advocated for harmonizing financial and sustainability reporting, with incentives for small and medium-sized enterprises, international funding conditions for government entities and more capacity-building efforts for policymakers; and noted that India was committed to adopting the International Auditing and Assurance Standards Board 5000 standard and future ethical standards for sustainable reporting.

27. During the ensuing discussion, one panellist noted that, in Mexico, reporting by small and medium-sized enterprises would be on a voluntary basis but that reporting would be required by banks and entities applying the two sustainability standards, as these required information on scope 3 emissions. One delegate detailed efforts in China in developing a unified sustainability disclosure standard system, consisting of basic and particular standards, as well as application guidelines, with the goal of introducing basic and climate-related disclosure standards by 2027 and fully establishing the system by 2030; China drew on international best practices, including International Sustainability Standards Board standards, while tailoring the system to the national context, and the delegate noted the need for increased capacity-building support for small and medium-sized enterprises in developing countries and suggested that international organizations could focus on enhancing capacity in developing countries to disclose sustainability information, offering technological, financial and knowledge-based assistance, to ensure that developing countries could participate in global sustainability efforts without facing green trade barriers. In response to a query on how to engage academia in human capacity-building, one panellist indicated that, in Brazil, the Sustainability Pronouncements Committee led this engagement, together with a network for integrated reporting, by creating a group through which, among other things, teachers could contribute to translating materials and receive academic credit for doing so. Finally, one panellist, on reducing the cost of sustainable reporting in developing countries, emphasized the use of transitional measures, to help gradual implementation, focusing on the principle of materiality in value chain reporting; leveraging experience-sharing from other countries, to identify burdens of implementation; and using implementation resources from international associations and international institutions.

2. Second panel discussion

28. The second panel featured experts from the following entities: Securities and Exchange Commission, Philippines; Department for Business and Trade, United Kingdom of Great Britain and Northern Ireland; Organization for Chartered and Professional Accountants, Saudi Arabia; Regional Partnership for the Promotion of Sustainability and Goals-Related Reporting in Africa; Regional Partnership for the Promotion of Sustainability and Goals-Related Reporting in the Eurasian Region; and Regional Partnership for the Promotion of Sustainability and Goals-Related Reporting in Latin America.

29. The first panellist outlined progress in the Philippines on mandatory sustainability disclosures. He stated that, in the 2024 Global Progress Brief of the Sustainable Banking and Finance Network, the sustainability reporting status of the Philippines had been maturing-consolidating in the integration of environmental, social and governance-related reporting and implementation-advancing in overall climate reporting and sustainable finance reporting. He stated that, in the Philippines, 95 per cent compliance by publicly listed companies had been attained and the introduction of capacity-building guidelines had been accompanied by comprehensive related initiatives, such as training and support.

Mandatory disclosure for all listed entities and large non-listed entities would be implemented by 2028 and limited assurance for all listed entities, by 2030. Finally, the panellist noted capacity-building, education and technical assistance as areas for future collaboration with the Intergovernmental Working Group.

30. The second panellist presented the current status of sustainability disclosures in the United Kingdom. He stated that the International Sustainability Standards Board standards were central to the ambitions of the Government to green capital markets and that the current Task Force on Climate-related Financial Disclosures-based and carbon emissions sustainability reporting requirements would help companies transition to the Board standards, to be endorsed by the Government for voluntary use in 2025. In addition, he stated that, for international interoperability, local modifications of the Board standards would be minor. A recent United Kingdom assurance market study by the Financial Reporting Council had showed demand for a level playing field with regard to qualifications and the supervision of providers. Finally, the panellist noted that the adoption of the Board standards as the global baseline would help achieve the benefits of connectivity between sustainability and financial reporting.

31. The third panellist presented a global overview of the harmonization and practical implementation of sustainability reporting, assurance and ethical considerations, stating that companies needed to break down internal silos between collection, assessment and reporting of financial and sustainability information; it would be a significant missed opportunity if companies that raised capital globally were required to keep multiple sets of books, one for local reporting requirements and another for investors globally. He noted that education and upskilling were key, with professional accounting organizations in the lead as the actors with the best knowledge of the particular needs of their members. Finally, the panellist stressed that the fragmentation of standards led to unnecessary costs, complexity and confusion and would not serve the public interest.

32. The fourth panellist shared the experience of the regional partnership for the promotion of sustainability and Goals-related reporting in Africa, with 65 members from 32 participating countries. He noted that the partnership served as a platform for sharing national strategies for green finance; capacity-building with the International Sustainability Standards Board and the Pan African Federation of Accountants on the two sustainability standards; and the transmission of the regional voice, to provide feedback to international standard setters, such as that provided to the International Ethics Standards Board for Accountants on the sustainability exposure draft. Finally, the panellist noted that the partnership enabled cooperation with the International Auditing and Assurance Standards Board, the International Ethics Standards Board for Accountants, the International Federation of Accountants and the International Public Sector Accounting Standards Board, to present an aggregated approach and update on trends provided by the full global ecosystem of sustainability reporting.

33. The fifth panellist shared the experience of the regional partnership for the promotion of sustainability and Goals-related reporting in the Eurasian region, launched in March 2024, with 13 members and four observers from seven participating countries. He noted that the partnership served as a platform for promoting sustainability reporting, including modern practices and tools such as digitalization; new standards and guidelines on sustainability disclosures; and sharing experiences with the other partnerships.

34. The sixth panellist shared the experience of the regional partnership for the promotion of sustainability and Goals-related reporting in Latin America, established in 2021, with 15 participating countries. She noted that the partnership aimed to promote mutual support among the participating countries and establish national strategies and policies to establish or strengthen national infrastructure for the assurance of high-quality sustainability reports by companies. Finally, the panellist commended the UNCTAD electronic platform in facilitating the work of the partnership and stated that regular meetings enabled the exchange of experiences within the partnership and learning about the two sustainability standards, as well as standards on small and medium-sized enterprises, education, assurance and ethics.

35. During the ensuing discussion, one expert presented trends in sustainability reporting, standards interoperability and harmonization and propositions on their improvement from the Academy of Financial Management, Ukraine. One expert presented the Eurasian Economic Commission initiative on developing guidelines for the implementation of green economy principles, including the alignment of sustainability criteria among interested countries on the basis of integrating environment, climate and cost efficiency considerations through the use of the best available techniques. Some experts addressed the interoperability of standards, impacts due to country-level changes to the baseline, how to consolidate data and make data consistent, how materiality might adversely impact comparability and whether countries represented on the boards of standard setters used the standards. A few panellists suggested limiting the number of modifications and including double materiality at a later stage. A few experts expressed concerns about the suitability of the standards for developing countries and for small and medium-sized enterprises. A few panellists and the Chair proposed providing feedback to standard setters during the public comments stage, to adapt standards locally and to encourage larger companies to assist smaller ones with reporting. Finally, a few delegates proposed that the Intergovernmental Working Group create a technical working group for the in-depth study of harmonization.

C. Integrating reporting on the financial and sustainability performance of entities: Leveraging digitalization

(Agenda item 4)

36. The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting considered “Integrating reporting on the financial and sustainability performance of entities: Leveraging digitalization”, as contained in document TD/B/C.II/ISAR/110.

37. Introducing the agenda item, the Director of the Division on Investment and Enterprise emphasized the increasing importance of sustainability disclosures for investors and investment-making, noting that 2,500 businesses across 70 countries had already adopted integrated financial sustainability reporting. Challenges in this area included the complexity of making standardized disclosures, limited human capacity, organizational changes and issues of data availability and quality. She discussed the trend in digital reporting, with 5,000 European companies preparing electronic reports in the European single electronic format. The International Sustainability Standards Board had finalized a digital reporting taxonomy that, while not mandatory, offered benefits such as easier reporting on environmental impacts, enhanced sustainability reporting for small and medium-sized enterprises and more accurate information for government use. Finally, the Director noted challenges, such as with regard to software costs, skill requirements, regulatory complexity and data security concerns.

38. Two panel discussions were held to discuss the agenda item.

1. First panel discussion

39. The first panel, on practical aspects of integrating reporting, namely taxonomies, featured experts from the following entities: European Financial Reporting Advisory Group; Endorsement Board, United Kingdom; Global Reporting Initiative; and XBRL [(Extensible Business Reporting Language] International.

40. The first panellist stated that the European Financial Reporting Advisory Group was responsible for the digital XBRL taxonomy for the European sustainability reporting standards proposed to the European Commission, focused on standards for environmental impact disclosures and bridging data preparers and users, allowing for data extraction and analysis by stakeholders such as Governments, investors and insurers. He noted that digital tagging increased usability and data quality through validation rules, provided unique identifiers for comparability and reduced language barriers. The panellist highlighted that digital tagging entailed costs, but that offering a digital template could alleviate financial burdens, particularly for small and medium-sized enterprises. Finally, the panellist stressed

the need for mandatory government-mandated digital reporting requirements, guidance materials and training workshops, to facilitate adoption.

41. The second panellist addressed the connection between financial and sustainability reporting, urging companies to integrate sustainability into operations. The provision of standardized information could enable investors to hold companies accountable for their actions and to make informed decisions. She outlined how the Endorsement Board of the United Kingdom engaged with the International Sustainability Standards Board, to align accounting and sustainability standards. Challenges included inconsistencies in the application of materiality and the lack of clarity on climate-related impacts in risk identification. In addition, there was a disparity between investor expectations in sustainability reporting and the ability of preparers to quantify and disclose potential climate-related impacts. Finally, the panellist stated that digital reporting was not yet mandated in the United Kingdom, but that future mandates were being considered under the Economic Crime and Corporate Transparency Act (2023).

42. The third panellist discussed the role of the Global Reporting Initiative as a global standard setter with regard to impact-related sustainability disclosures, widely used by major corporations; over 14,000 companies and 78 per cent of the largest 250 companies globally used Global Reporting Initiative standards. About 40 per cent of Global Reporting Initiative reports were also subject to a form of assurance. The Global Reporting Initiative, in developing a digital taxonomy, aimed to enhance interoperability between sustainability standards and to improve the quality and accessibility of data through automated validation rules and processes, to help ensure improved quality in information. He stated that the capture of data was not yet systematized but that once data were digitalized, a level of quality was guaranteed. Finally, the panellist noted that digitalization could help reduce costs and save time, ultimately freeing up more resources for data analysis, and that digital reporting could simplify value chain reporting, benefiting both companies and investors.

43. The fourth panellist highlighted the work of XBRL International in facilitating digital reporting, stressing the benefits of a single, unified technical specification that standardized reporting processes globally. He advocated for the adoption of an XBRL format that ensured that data and reports were both machine- and human-readable, which was important in generating accurate, mandatory and comparable climate and sustainability disclosures. The panellist stated that transitioning from paper-based to digital reports would significantly improve consistency and processing efficiency in data reporting, which would ultimately provide more accuracy for users, such as investors and regulators. He stressed that regulatory bodies increasingly supported mandatory digital disclosures on climate impacts and aimed to streamline and standardize reporting; XBRL allowed companies to use a digital dictionary that standardized terminology, reducing confusion and ensuring comparability across regions and sectors. In addition, automated validation checks streamlined the preparation and verification process. Finally, the panellist noted that XBRL International advocated for an open data exchange standard in business reporting; provided free licences, to support the adoption of XBRL globally; and was involved in providing capacity-building programmes and offering hands-on training to regulators, to facilitate digitalization in reporting.

44. During the ensuing discussion on implementation, challenges and the future of digital sustainability reporting, a few panellists discussed challenges in gathering and validating data, particularly on scope 3 emissions, which required input from multiple providers, and emphasized the importance of accurate data and the need for consistent digital reporting tools and guidance. One panellist, with regard to whether digital reporting affected the auditing process, clarified that current standards did not require auditors to validate every tag used in digital reports and that automated checks and standardized tags could help ensure data accuracy. With regard to concerns about the loss of analogue reporting and about maintaining readability and flexibility in digital formats, one panellist noted that digital templates could still be human-readable and tailored to smaller companies and that enforcing quality standards was key in ensuring disclosures. The panellists highlighted the need for international standards and robust guidance materials, such as workshops and digital templates, to support global adoption and consistency in digital sustainability reporting. Finally, experts noted the following: digital sustainability reporting

enabled more accurate, accessible and timely data, but required substantial investment in technology, training and regulatory support; a consistent digital taxonomy was important and could help bridge the gap between preparers and data users, making reports more comparable and transparent, particularly in the context of regional rules and global standards; quality control of digital data was required, and the auditing and validation of digital disclosures was critical, with automated validation procedures and assurance over tagging recommended, to increase trustworthiness; given that voluntary adoption was limited, mandates from Governments, coupled with guidance materials and templates, were necessary, to promote widespread adoption and effective digital reporting practices; and additional capacity-building resources needed to be provided for emerging economies, which often faced resource-related and technical limitations in implementing digital reporting.

2. Second panel discussion

45. The second panel, on practical implementation aspects of integrated reporting, featured experts from the following entities: University of Groningen, Kingdom of the Netherlands; Financial Centre Regulatory Authority, Qatar; Division on Investment and Enterprise, UNCTAD; European Financial Reporting Advisory Group; Global Centre of Excellence in Sustainability; and Sustain Consulting.

46. The first panellist detailed company reporting examples of a value creation model used in reporting in the Kingdom of the Netherlands since 2003, which served as integrated thinking that connected financial and sustainability reporting to the mission, vision and strategy of a company. She highlighted the use of the UNCTAD *Guidance on Core Indicators* in the value creation model and the sustainable development performance indicators platform of the United Nations Research Institute for Social Development for producing sustainability progress reports and shared examples of portals used in certain sectors in the Kingdom of the Netherlands, to generate standardized sustainability reports for small and medium-sized enterprises. Finally, the panellist noted that challenges in accounting and auditing training and education included connectivity between financial and non-financial information, robust reporting processes for descriptive and quantitative non-financial information, the application of double materiality and value chain information.

47. The second panellist shared the experience of the Financial Centre Regulatory Authority of Qatar in XBRL implementation. He advised the use of existing taxonomies, such as that of the International Sustainability Standards Board, and using XBRL for narrative disclosures in addition to cloud-based reporting portals for financial data. He noted that, among the advantages of XBRL, machine readability enabled the reading of reports in different languages; low or no-cost reporting portals were available; and a choice of simple entry formats made reporting accessible to all business sizes, including small and medium-sized enterprises, which made up about 50 per cent of users. Finally, to overcome resistance to change, the panellist advised ongoing communications, interaction and collaboration with reporting entities and highlighting the benefits of data for their internal use.

48. The third panellist presented a digital tool created by UNCTAD and the Ministry of the Environment, Colombia, for use in carbon emissions reporting by companies, which was mandatory in Colombia. The tool, operational since 2023, allowed companies to check whether they exceeded established thresholds for emissions and consider how to improve activities that produced emissions. Finally, the panellist stated that the project contributed to achieving the goal of Colombia to reduce greenhouse gas emissions by 51 per cent by 2031 and that the tool could be extended to a future carbon emissions market.

49. The fourth panellist noted that digital reporting solutions and taxonomies could be made simple and suitable for small and medium-sized enterprises. He stated that the European sustainability reporting standards included inputs from integrated reporting and from the UNCTAD *Guidance on Core Indicators*. Finally, the panellist noted that, at present, the use of artificial intelligence technology to extract data from company reports occasionally produced inaccurate results and therefore could not replace structured disclosures.

50. The fifth panellist presented a platform on sustainability assessment, reporting and learning intelligence created in cooperation with five universities in the United Kingdom. The platform used artificial intelligence and blockchain technology to analyse sustainability standards, provide training to users, find the reporting requirements needed for an organization and produce reports covering all tiers of a supply chain. Finally, the panellist stated that the artificial intelligence technology of the platform could learn the different applicable standards and guidelines and use them to improve the platform for subsequent operations.

51. The sixth panellist shared the experience of her organization, specializing in environmental, social and governance-related and sustainability consulting for the mining industry, in integrating standards to manage the substantial duplication of different topics across standards. She stated that the sustained assurance protocol currently integrated 22 international standards in the mining industry, ordered in a hierarchy of base standards, operational risk management standards, reporting standards, investor reporting frameworks and corporate commitments. Finally, the panellist noted that the integrated management of standards regardless of their position in the hierarchy was critical in effective environmental, social and governance-related management and reporting.

52. During the ensuing discussion, a few delegates addressed the applicability of digital sustainability solutions in the Global South and their suitability and cost effectiveness for small and medium-sized enterprises. In this regard, a few panellists noted that sustainability reporting platforms were affordable for small companies, as a no-cost service from Governments or provided at a low cost if the platform had a high number of users. One panellist stated that insights from reporting could lead to changed business models, to address challenges. One delegate stated that standards needed to be simplified and that their management should not require complex digital tools. Another delegate addressed the handling of litigation risks when using third-party tools and data providers in sustainability reporting.

D. Other business

(Agenda item 5)

53. Introducing the agenda item, the UNCTAD secretariat presented the following two issues for consideration: updates on the implementation of technical cooperation projects; and insights from recent implementation of the Accounting Development Tool.

54. With regard to the first issue, the panel featured experts from the following entities: Financial Reporting Standards Board, Mexico; and Ministry of Finance, Planning and Economic Development, Uganda.

55. The first panellist detailed efforts in Mexico to integrate sustainability standards, both international and national, with a focus on building human capacity. She emphasized the need to build the capacity of individuals and to raise their awareness of sustainability issues. Before setting standards, it was important to understand the importance of sustainability, its implications and the risks of unsustainability. Companies and individuals needed to work together to move towards sustainability. She noted the need to strengthen collaboration between companies and individuals, to disseminate knowledge about sustainability, including by broadening curricula and providing access to key information such as greenhouse gas emissions, water consumption and energy reduction. The panellist stated that it was important to successfully apply sustainability standards and to build the capacity of companies, particularly small and medium-sized enterprises, which often lacked resources and knowledge in specialized areas such as financial projections and risk analysis. Experts on the environment, legislation and inclusive policies were needed, to help ensure sustainable development. Companies also needed to put in place codes of ethics and governance mechanisms, to ensure transparency and security, including the means to report any breaches. Finally, the panellist emphasized the need to increase collaboration between different stakeholders, providing examples of such collaboration that had made sustainability accessible and applicable throughout Mexico. From 2025, accounting and sustainability standards would be applied, with a focus on small and medium-sized

enterprises; training projects were under way, to disseminate skills throughout the country, with universities also adapting curricula; tools were being developed, such as a calculator for measuring greenhouse gas emissions; and an environmental impact assessment platform would help companies assess sustainability.

56. The second panellist outlined progress in developing a compliance and resilience management programme to support the formalization of small and medium-sized enterprises in Uganda. He noted that the main aim of this programme, launched with UNCTAD support, was to address the causes of informality among small and medium-sized enterprises and to suggest ways of moving towards formalization, including such actions as the development of a dedicated accounting tool, to meet the needs of small local businesses. The tool, designed with the participation of all stakeholders, enabled small and medium-sized enterprises to carry out accounting in a simplified way, and was accessible even to users without accounting knowledge, as it automatically generated the necessary financial reports. The tool worked both online and offline, which was important in regions with limited Internet access. The panellist stated that, under the programme, training was provided to support users, including guides to formalization steps such as obtaining a tax identification number. The Government was committed to setting up apprenticeships, to help entrepreneurs use the tool and develop growth strategies. The panellist stated that the programme was in a six-month pilot phase, after which it would be used in the development of an incentive framework for business formalization in Uganda, and was attracting interest from other countries in Africa and Latin America, which could draw inspiration from it. Finally, the panellist stated that this initiative incorporated global best practices, adapted to local circumstances, and reflected the commitment of Uganda to sustainable and inclusive economic development for small and medium-sized enterprises.

57. With regard to the second issue, an expert from the Financial Reporting Council, Nigeria, stated that implementation of the Accounting Development Tool had begun in 2022 with support from UNCTAD and the involvement of the Financial Reporting Council; the Central Bank of Nigeria; regulatory bodies from various sectors, such as insurance, pensions and the capital market; professional organizations; and academic institutions. He noted that this extensive engagement had fostered collaborative discussions, ensuring a holistic approach to advancing the accounting framework in Nigeria. He stated that several milestones had been achieved, notably through the organization of various events, including a national workshop held in July 2024, at which stakeholders shared feedback and insights, particularly on the questionnaires distributed for data collection. Such consultations were instrumental in refining the understanding of national accounting challenges. The Accounting Development Tool assessment had revealed several gaps to be addressed in order for the financial reporting systems of Nigeria to meet global standards, including with regard to the limited understanding of key international financial reporting standards, such as those on financial instruments and on insurance contracts, which served to highlight the need for targeted capacity-building efforts. In addition, Nigeria faced challenges in implementing a standardized framework for collecting environmental, social and governance-related metrics, with a shortage in professional training for accountants and auditors in this area. The current educational curriculum for auditors lacked focus on environmental, social and governance-related reporting and microenterprise accounting and there was an absence of institutional frameworks that could facilitate the participation of small and medium-sized enterprises in environmental, social and governance-related data collection. To address these challenges, he provided several recommendations, such as enhancing the expertise of regulators and expanding the Accounting Development Tool, to include essential areas such as actuarial evaluations, educational reforms and collaboration with academia. Finally, the expert noted that Nigeria aimed to fill existing gaps, build expertise and establish a sustainable financial reporting framework that promoted transparency, accountability and sustainable development.

III. Organizational matters

A. Election of officers

(Agenda item 1)

58. At its opening plenary meeting on 6 November 2024, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting elected Mr. Rabiu Olowo (Nigeria) as its Chair and Mr. McJill Bryant Fernandez (Philippines) as its Vice-Chair-cum-Rapporteur.

B. Adoption of the agenda and organization of work

(Agenda item 2)

59. Also at its opening plenary meeting on 6 November 2024, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting adopted the provisional agenda for the session (TD/B/C.II/ISAR/108). The agenda was thus as follows:

1. Election of officers.
2. Adoption of the agenda and organization of work.
3. Review of progress in harmonization and practical implementation of sustainability reporting, assurance and ethical considerations.
4. Integrating reporting on the financial and sustainability performance of entities: Leveraging digitalization.
5. Other business.
6. Provisional agenda of the forty-second session.
7. Adoption of the report.

C. Provisional agenda of the forty-second session

(Agenda item 6)

60. At its closing plenary meeting on 8 November 2024, the Intergovernmental Working Group of Experts approved the provisional agenda of the forty-second session (see annex I).

D. Adoption of the report

(Agenda item 7)

61. Also at its closing plenary meeting on 8 November 2024, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting authorized the Vice-Chair-cum-Rapporteur, under the authority of the Chair, to finalize the report on its forty-first session after the conclusion of the meeting.

Annex I

Provisional agenda of the forty-second session

(Agenda item 6)

1. Election of officers.
2. Adoption of the agenda and organization of work.
3. Review of developments in the harmonization of sustainability reporting requirements and their practical implementation.
4. Integrating biodiversity and human capital considerations into sustainability reporting.
5. Other business.
6. Provisional agenda of the forty-third session.
7. Adoption of the report.

Annex II

Attendance*

1. Representatives of the following States members of the Conference attended the session:

Angola	Kyrgyzstan
Antigua and Barbuda	Latvia
Barbados	Lithuania
Belarus	Malta
Brazil	Morocco
Cambodia	Nigeria
Cameroon	Pakistan
China	Peru
Colombia	Philippines
Congo	Qatar
Democratic Republic of the Congo	Russian Federation
Ecuador	Spain
Egypt	Sweden
Gabon	Uganda
Gambia	Ukraine
Honduras	United Kingdom of Great Britain and Northern Ireland
Hungary	Viet Nam
Indonesia	Zambia
Iraq	Zimbabwe
Kuwait	

2. The following intergovernmental organizations were represented at the session:

Common Fund for Commodities
Eurasian Economic Commission

3. The following United Nations organs, bodies and programmes were represented at the session:

Department of Management Strategy, Policy and Compliance
United Nations Institute for Training and Research

4. The following specialized agencies and related organizations were represented at the session:

World Intellectual Property Organization

5. The following non-governmental organizations were represented at the session:

General category

Arab Swiss Chamber of Commerce and Industry
International Network for Standardization of Higher Education Degrees
Réseau Intercontinental de Promotion de l’Économie Sociale et Solidaire
Stichting Global Reporting Initiative
Village Suisse ONG

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* This attendance list contains registered participants. For the list of participants, see TD/B/C.II/ISAR/INF.17.